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MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE MARKETING AGREEMENT
March 1964 NATIONAL AGRICULTURAL LIBRARY

Volume 8

Number 8

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Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

CURRENT SERIAL RECORDS

MARKET SUMMARY - MARCH 1964

The Chattanooga Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 3.5% are: Base Milk \$4.92, Excess Milk \$2.71. The butterfat differential is 7.4 cents for each one-tenth of one percent above or below 3.5%.

During March 88.7% of the total producer milk was priced in Class I at \$5.07 per cwt. with a butterfat differential of 7.5 cents and 11.3% priced in Class II at \$2.75 per cwt. with a butterfat differential of 6.7 cents. The percent of producer skim and butterfat priced in Class I was 89.2% and 76.4% respectively. Base milk was 93.5% and excess milk was 6.5% of the total producer deliveries. All excess milk and 5.2% of base milk was priced in Class II and 94.8% of base milk was priced in Class I.

Daily average delivery of milk from producers was 533,122 pounds in March 1964, a decrease of 452 pounds per day compared with February 1964 and an increase of 51,662 pounds compared with March 1963. Percentage-wise, March deliveries decreased 0.1% compared with February 1964 and increased 10.7% compared with March 1963.

LABORATORY ACTIVITIES - Producer Fresh Milk Tests 5,663 - Handler Finished Product Tests 178. During March an average of 8.4 samples per producer was used to determine butterfat content and pay test. Other samples were used by the plants and various agencies to determine water, bacteria, solids-not-fat, antibiotics, etc.

ASSISTANT SECRETARY OF AGRICULTURE SPEAKS ON FEDERAL ORDERS

In a recent address, George L. Mehren, Assistant Secretary of Agriculture stated "The Federal milk order program is a valuable tool in milk marketing, but no panacea for all the ills, changes, and adjustments of the dairy industry. It can never take the place of forward-looking vigorous and cooperative action by the members of the industry themselves. Both the long standing and widespread acceptance of the program, and the controversy over some aspects of it, must be put in perspective. Much of the controversy stems from a misunderstanding of program objectives, and perhaps from a desire of persons in the industry to rely on the orders to accomplish purposes which the orders were not intended to perform."

"The United States Department of Agriculture's relations with the dairy industry have been good, for the most part by far, because of tradition of communicating frankly and sincerely. It is important to keep these communication channels open, even though there may be disagreement on occasion. Some representatives of the dairy industry tend to take the milk marketing order program for granted. Others are inclined to attribute all the shortcomings of the dairy industry to the operation of the program. Too frequently they forget the objectives of the Agricultural Marketing Agreement Act and, more importantly, they tend to overlook its limitations."

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Mar. '64</u>	<u>Feb. '64</u>	<u>Mar. '63</u>
Number of Plants (Pool and Non-Pool)	13	13	16
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries - Base	498,640	-	456,507
- Excess	34,482	-	24,953
- Total	533,122	533,574	481,460
% March '64 compared with:	100.0	99.9	110.7
Other Source	11,929	11,337	17,150
Other Order	32,908	30,880	24,017
Total Milk Receipts	577,959	575,791	522,627
% March '64 compared with:	100.0	100.4	110.6
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	393,970	411,274	314,337
Fluid Skim	23,993	24,575	20,412
Buttermilk	41,833	45,131	40,645
Flavored Milk and Drink	11,055	11,594	9,602
Fluid Creams (Sweet & Sour)	2,897	2,950	2,548
Bulk to Non-Handlers	2,154	1,106	12,952
Shrinkage Class I	1,527	2,337	907
Other	(407)	(1,902)	(1,380)
Total Class I Milk	477,022	497,065	400,023
% March '64 compared with:	100.0	96.0	119.2
Class II Uses:			
Butter	570	616	501
Cottage Cheese	24,069	23,258	17,201
Powdered and Condensed Milk	22,969	19,242	47,690
Ice Cream	33,575	24,850	41,076
Stockfeed	3,988	3,874	4,183
Shrinkage Class II	9,994	8,767	8,497
Other	5,772	(1,881)	3,456
Total Class II Milk	100,937	78,726	122,604
% March '64 compared with:	100.0	128.2	82.3
Gross Class I Butterfat Pounds	17,009	17,665	14,106
Gross Class II Butterfat Pounds	6,422	6,185	7,199
Total Butterfat Pounds	23,431	23,850	21,305
% Producer Milk of Gross Class I	111.8	107.3	120.4
% Producer Milk priced in Class I	88.7	92.0	80.1

APRIL 1964 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Apr. '64</u>	<u>Mar. '64</u>	<u>Apr. '63</u>
Basic Formula	\$3.15	\$3.16	\$3.09
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.18	0.16	(0.02)
Class I Price, 3.5% Butterfat	\$5.08	\$5.07	\$4.82
Per \$ 1090.51 (a)			
Supply-Demand Comparison: 1st and 2nd preceding months: February and March			
Supply: Lbs. Producer Milk (Feb. 15, 473,646 and Mar. 16, 526,778)			32,000,424
Demand: Lbs. Net Class I Milk (Feb. 14, 335,364 and Mar. 14, 666,516)			29,001,880
Utilization Percentage: Producer milk divided by Class I			110
Standard Utilization Percentage: Range 119-123			119
Net Deviation Percentage: Utilization minus Standard Utilization			minus 9
Supply-Demand Adjustment: 2 cents x 9 percentage points			plus \$0.18

Since the supply in relation to the demand is less than the desired standard, the price is increased 18 cents per hundredweight (2 cents x 9 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICES FOR MARCH 1964

Based on 12 plant reports prior to audit (One plant excluded per § 1090.72(a))

	Class %	Milk Pounds	Butterfat Test-%	Cwt.Price @ Test	Value
Gross Class I		14,054,131	3.558		
Less Other Source		133,804	2.395		
Producer Milk Class I	88.3	13,920,327	3.569535	\$5.122151	\$713,020.17
Gross Class II		3,077,234	6.318		
Less Other Source		1,239,642	2.989		
Producer Milk Class II	11.7	1,837,592	8.564251	6.143048	112,884.16
TOTAL PROD. (Cl. I + Cl. II)	100.0	15,757,919	4.151989		825,904.33
Add Fractional Adjustment					0.14
Add Compensatory Payment and Inventory Reclassification Value					251.56
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,482.76
TOTAL VALUE AT TEST		15,757,919	4.151989		834,638.79
Less Test Over 3.5% @ 7.4¢ per point		15,757,919	0.651989	0.482472	76,027.55
TOTAL VALUE AT 3.5%		15,757,919	3.5		758,611.24
		Pounds	Price 3.5%	Amount	
Excess Producer Milk - Class I		-	-	-	
Excess Producer Milk - Class II		1,066,678	\$2.75	\$29,333.65	
Total Excess Producer Milk		1,066,678	2.75	29,333.65	
Less Prod.-Settlement Fund Res. @ 4¢		1,066,678	.04		426.67
UNIFORM EXCESS PRICE f.o.b. PLANT - 3.5%		1,066,678	2.71		28,906.98
Value of Base Milk (Total less Excess)		14,691,241	4.964030		729,277.59
Less Producer-Settlement Fund Reserve		14,691,241	0.044030		6,468.55
UNIFORM BASE PRICE f.o.b. PLANT - 3.5%		14,691,241	\$4.92		\$722,809.04

MARCH 1964 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
 BUTTERFAT DIFFERENTIAL 7.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$4.55	\$2.34	4.0	\$5.29	\$3.08	5.0	\$6.03	\$3.82
3.05	4.587	2.377	4.05	5.327	3.117	5.05	6.067	3.857
3.1	4.624	2.414	4.1	5.364	3.154	5.1	6.104	3.894
3.15	4.661	2.451	4.15	5.401	3.191	5.15	6.141	3.931
3.2	4.698	2.488	4.2	5.438	3.228	5.2	6.178	3.968
3.25	4.735	2.525	4.25	5.475	3.265	5.25	6.215	4.005
3.3	4.772	2.562	4.3	5.512	3.302	5.3	6.252	4.042
3.35	4.809	2.599	4.35	5.549	3.339	5.35	6.289	4.079
3.4	4.846	2.636	4.4	5.586	3.376	5.4	6.326	4.116
3.45	4.883	2.673	4.45	5.623	3.413	5.45	6.363	4.153
3.5	4.92	2.71	4.5	5.66	3.45	5.5	6.40	4.19
3.55	4.957	2.747	4.55	5.697	3.487	5.55	6.437	4.227
3.6	4.994	2.784	4.6	5.734	3.524	5.6	6.474	4.264
3.65	5.031	2.821	4.65	5.771	3.561	5.65	6.511	4.301
3.7	5.068	2.858	4.7	5.808	3.598	5.7	6.548	4.338
3.75	5.105	2.895	4.75	5.845	3.635	5.75	6.585	4.375
3.8	5.142	2.932	4.8	5.882	3.672	5.8	6.622	4.412
3.85	5.179	2.969	4.85	5.919	3.709	5.85	6.659	4.449
3.9	5.216	3.006	4.9	5.956	3.746	5.9	6.696	4.486
3.95	5.253	3.043	4.95	5.993	3.783	5.95	6.733	4.523

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

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Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Mar. '63	\$4.33 ^{2/}	\$4.42	\$2.71	7.2¢	\$4.75	7.5¢	\$2.75	6.7¢
Apr.	4.23 ^{2/}	4.41	2.66	7.2	4.82	7.5	2.70	6.7
May	4.21 ^{2/}	4.34	2.62	7.2	4.79	7.5	2.66	6.7
June	4.17 ^{2/}	4.29	2.62	7.2	4.82	7.5	2.66	6.7
July	4.23 ^{2/}	4.39	2.62	7.2	4.83	7.5	2.66	6.7
Aug.	4.26	-	-	7.2	4.72	7.5	2.66	6.7
Sept.	4.30	-	-	7.4	4.61	7.5	3.20	6.9
Oct.	4.42	-	-	7.6	4.63	7.8	3.15	6.7
Nov.	4.69	-	-	7.4	4.88	7.6	3.13	6.7
Dec.	4.62	-	-	7.4	4.97	7.6	3.12	6.7
Jan. '64	4.77	-	-	7.2	4.97	7.5	3.12	6.7
Feb.	4.78	-	-	7.4	4.98	7.5	2.82	6.7
Mar.	4.77 ^{2/}	4.92	2.71	7.4	5.07	7.5	2.75	6.7
Apr.	-	-	-	-	5.08	7.5	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA Minn.-Wisc. Mfg. Grade Milk \$-cwt-3.5%
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. \$-cwt-4%	Chi.92° Butter ¢ Lb.	Chi.Area Powders ¢ Lb.	
	Milk Mfg.	Powder	\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%
Mar. '63	2.75	3.12	3.088	57.97	14.07	3.09
Apr.	2.70	3.09	3.031	57.97	13.97	3.08
May	2.66	3.09	3.000	57.97	13.94	3.07
June	2.66	3.12	3.000	57.97	14.04	3.08
July	2.66	3.12	3.000	57.97	14.03	3.09
Aug.	2.66	3.12	3.000	57.97	14.07	3.10
Sept.	2.66	3.20	3.000	59.70	14.18	3.12
Oct.	2.73	3.15	3.070	58.48	14.18	3.15
Nov.	2.80	3.13	3.138	58.09	14.26	3.16
Dec.	2.82	3.12	3.150	58.01	14.28	3.16
Jan. '64	2.82	3.12	3.150	57.97	14.30	3.17
Feb.	2.82	3.12	3.150	57.97	14.24	3.16
Mar.	2.75	3.12	3.081	57.97	14.25	3.15

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per Farm----			Prod. Milk Test
	No. Hdlrs.	Total Receipt	Class I Use	Class I Use	Total Delivery	Base Delivery	No. Prod.	Prod.	Base	Exc.	
Mar. '63	16	522,627	400,023	385,801	481,460	456,507	661	728	691	37	4.17
Apr.	16	639,239	436,741	430,582	581,767	523,287	706	824	741	83	4.02
May	16	608,339	425,232	418,915	561,122	514,672	701	800	734	66	4.01
June	16	587,215	386,749	380,119	536,089	494,678	700	766	707	59	3.99
July	14	575,549	393,963	387,683	527,174	479,294	697	756	688	68	3.99
Aug.	14	586,869	430,310	423,917	537,729	-	695	774	-	-	4.00
Sept.	14	593,494	450,863	445,015	559,667	-	694	806	-	-	4.02
Oct.	14	557,444	477,892	471,754	531,484	-	689	771	-	-	4.20
Nov.	14	541,145	477,597	472,618	517,129	-	684	756	-	-	4.29
Dec.	14	554,904	443,411	438,851	519,303	-	683	760	-	-	4.42
Jan. '64	13	568,225	490,701	485,963	532,319	-	683	779	-	-	4.33
Feb.	13	575,791	497,065	491,080	533,574	-	683	781	-	-	4.24
Mar.	13	577,959	477,022	472,706	533,122	498,640	678	786	735	51	4.15

^{1/} Excludes Premiums^{2/} For Statistics^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I